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SUBJECT: AMBASSADOR'S FAREWELL CALL ON NEWLY-ELECTED OOG CHAIRMAN
PHUC

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(U) This cable is sensitive but unclassified. Not for Internet.

1. (SBU) Summary. At his August 9 farewell call with Ambassador Marine, newly-elected Office of the Government (OOG) Minister Chairman Nguyen Xuan Phuc said that PM Dung has decided that he will retain responsibility for oversight of foreign affairs within the OOG. In that role, he looks forward to a continued close dialogue with the in-coming Ambassador with regard to major bilateral issues. In particular, he will continue working on a Peace Corps Agreement, land for a New Embassy Compound (NEC) and closing deals on outstanding commercial projects. Phuc agreed with the Ambassador that the two sides should focus on these areas as potential deliverables for the Prime Minister's planned trip to New York in September, noting specifically the PM's interest in reaching a Peace Corps deal "by August 30." Phuc said he will likely accompany the Prime Minister to New York. On human rights, the Minister Chairman reaffirmed Vietnam's interest in maintaining open dialogue and cooperating on rule of law, anti-corruption and good governance programs. He intends to keep the OOG in a position to serve as a "clearinghouse" for cross-cutting, inter-ministerial issues of importance to the bilateral relationship. Phuc will also serve as Vietnam's Chairman to the U.S.-Vietnam TIFA Council, with International Relations Department Director General Bui Huy Hung serving as Secretary General. Phuc's interest and direct engagement on these issues, and his evident willingness to cultivate a strong personal relationship with senior USG officials, make it likely that he will remain a key Embassy contact within the OOG. End summary.

2. (SBU) During an August 9 farewell call, newly-elected Office of the Government (OOG) Minister Chairman Nguyen Xuan Phuc thanked Ambassador Marine for his contributions to the bilateral relationship over the past three years. He specifically noted the Ambassador's personal involvement in the success of the series of high-level leadership exchanges beginning with then-Prime Minister Phan Van Khai's 2005 visit to the United States, the conclusion of the U.S.-Vietnam agreement on Vietnam's accession to the World Trade Organization (WTO) and the recent signing of the Trade and Investment Framework Agreement (TIFA). He also opined that the image of the United States Ambassador visiting "distant locations in Vietnam" as part of MIA recovery efforts and trips was something that had contributed positively to the bilateral relationship in the minds of the Vietnamese people.

Phuc's New Position and the Role of the OOG

3. (SBU) Ambassador Marine congratulated Phuc on his recent elevation from vice chairman to the position of OOG "Minister Chairman," describing the move as a good omen for the future of U.S.-Vietnam relations. The Minister Chairman will be at the heart

of the government process in Vietnam, the Ambassador continued. He also expressed confidence that Phuc will continue to be a valuable interlocutor for the U.S. Government on issues in which we will need to remain focused to continue the trend of improved relations. He also expressed the hope that the OOG, along with the five Deputy Prime Ministers, will continue to serve as a "clearinghouse" for cross-cutting and inter-ministerial issues. Adoptions, intellectual property rights (IPR) protection and increased cooperation on law enforcement efforts and HIV/AIDS are a few examples of areas which the Ambassador asked OOG to remain involved and serve as a catalyst for positive outcomes.

14. (SBU) The Minister Chairman agreed that the OOG must continue to play the central role in moving complex issues including the ones the Ambassador raised to a positive conclusion. Phuc reported that Prime Minister Dzong had decided that, as chairman, he would retain responsibilities for foreign affairs within the OOG. In that role, he looks forward to working constructively with Ambassador Michalak to develop further the bilateral relationship. (Note: Phuc said there will be "multiple" OOG Vice Ministers under him, though he did not provide a specific number or any names. End note.) The PM also designated Phuc as Chairman of the Vietnamese element of the TIFA Council and OOG International Relations Department Director General Bui Huy Hung will serve as the Vietnamese committee's Secretary General.

PM Dzong's Upcoming Visit to New York

15. (SBU) While no final plans have been determined, Phuc expects he will accompany the Prime Minister to New York for the opening of the United Nations General Assembly in September. The Government of Vietnam (GVN) is "very focused" on this trip, he said, highlighting that this will mean Vietnam's two top leaders will each visit the United States within months of one another. The Ambassador underscored that this trip will be a good opportunity to advance further our relations, and that both sides should focus energy in the next month to explore ideas for projects that we can move

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forward to present as deliverables.

...Presents an Opportunity to Conclude Commercial Deals

16. (SBU) Noting the Prime Minister's expressed interest in meeting with U.S. business leaders while in New York, Ambassador Marine urged Vietnam to consider how to make the most of this opportunity, including the possibility of reaching a breakthrough on commercial deals that the two sides have been discussing. Signings with Boeing on aircraft purchases; Gannon and AES on power plant development projects; SSA Marine on developing Vietnam's ports; and, agreement for Alcoa to partner with Vietnamese enterprises to develop bauxite resources here would be good for Vietnam and symbolically important to our relationship, the Ambassador said. Furthermore, these signings would help address the growing trade gap between our countries. Referencing a recent news article reporting that Vietnam's global trade deficit is growing, the Ambassador noted that Vietnam is obviously buying from overseas, but not enough of its purchases are the world-class goods and services that U.S. firms have to offer. He continued that given Vietnam's interest in building a better relationship, he is confident that this will change. Minister Chairman Phuc replied that all senior GVN officials have the list of potential commercial deliverables "memorized by heart," and reported that the OOG has been pushing the relevant Vietnamese parties to soon conclude these deals.

...And a Peace Corps Agreement and Land Deal for the NEC

17. (SBU) Conclusion of a Peace Corps agreement for Vietnam would highlight how the relationship has deepened and become richer in recent years, Ambassador Marine said, and should be considered as a potential deliverable for the Prime Minister's visit. Phuc responded that the Prime Minister wants the two sides to conclude the negotiations successfully, and has informed GVN officials that

he is interested in completing negotiations by August 30. (Note: In a follow-up conversation, an MFA official told us that the MFA would share a GVN draft of a country agreement on August 14. While he hoped that we would make progress, he added a spin to Mr. Phuc's remarks, saying that he saw August 30 as a date to report back to the Prime Minister on the results. End note.)

¶8. (SBU) The Ambassador also suggested that a breakthrough on negotiations over land in Hanoi for a new U.S. Embassy could be an important announcement during PM Dung's visit. The United States has offered a price for the land, and the Ambassador called on Vietnam to make a counter-offer in order to begin serious negotiations. The Minister Chairman agreed that the current Embassy is not befitting of our relationship, and tasked the Ministry of Foreign Affairs (MFA) Americas Department Deputy Director Nguyen Hoanh Nam, in attendance at the meeting, to look into the matter. He reported that the Prime Minister assigned the MFA to take the lead on negotiations, which Phuc opined are "not a big problem and should be concluded soon."

Human Rights

¶9. (SBU) An additional issue to work on over the longer-term, and one that will certainly be on President Bush's mind should he meet with the Prime Minister in September, is improving our ability to work together on the issue of human rights, the Ambassador said. Ongoing work through the Human Rights Dialogue is an important, albeit slower and less visible, answer to this challenge, he continued. One constructive and more visible solution would be for the GVN to accept the USG's offer of assistance, expressed through Senator Leahy's March letter, to work together on rule of law, anti-corruption and good governance programs. Vietnam's recent positive response is a welcome step, but now the two sides should transform that commitment into concrete programs that both countries support. The Ambassador said while the programs could take many forms, such as training for judges or journalists, one specific idea would be for the GVN to provide the support necessary for the American Bar Association to move forward with its grant to strengthen the capacity of the Vietnam Lawyers Association. Such a move would be a strong signal to the U.S. Congress that Vietnam is open to these types of activities. The U.S. and international business communities would also welcome these programs, the Ambassador noted, as they would work to make Vietnam a more attractive destination for investment.

¶10. (SBU) Phuc responded by saying that as Vietnamese President Nguyen Minh Triet told President Bush, the two sides have a different understanding of the human rights issue. Vietnam is, however, committed to continuing the dialogue and remains interested in working to strengthen the rule of law here. He pointed to a recent OOG delegation to the United States to study U.S. laws and

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administrative procedures as evidence of that commitment.

Conclusion and Comment

¶11. (SBU) As the meeting concluded, Minister Chairman Phuc again reflected warmly on the Ambassador's contributions, and expressed his confidence that both the U.S.-Vietnam relationship and their personal relationship would continue to develop. Phuc's openness and frequent availability to meet on issues of bilateral interest were important in successfully preparing for the recent visits to the United States by Deputy Prime Minister/Foreign Minister Pham Gia Khiem and President Nguyen Minh Triet. Because of this direct engagement and his obvious willingness to cultivate a strong personal relationship with senior USG officials (Senator James Webb is a personal friend), Phuc is certain to continue as an important and valued contact in the OOG, including in his new role in the TIFA.

MARINE